105TH CONGRESS 2D SESSION

S. 414

AN ACT

To amend the Shipping Act of 1984 to encourage competition in international shipping and growth of United States exports, and for other purposes.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. SHORT TITLE.
- 4 This Act may be cited as the "Ocean Shipping Re-
- 5 form Act of 1998".

1 SEC. 2. EFFECTIVE DATE.

- 2 Except as otherwise expressly provided in this Act,
- 3 this Act and the amendments made by this Act take effect
- 4 May 1, 1999.

5 TITLE I—AMENDMENTS TO THE

6 SHIPPING ACT OF 1984

- 7 SEC. 101. PURPOSE.
- 8 Section 2 of the Shipping Act of 1984 (46 U.S.C.
- 9 App. 1701) is amended by—
- 10 (1) striking "and" after the semicolon in para-
- 11 graph (2);
- 12 (2) striking "needs." in paragraph (3) and in-
- serting "needs; and";
- 14 (3) adding at the end thereof the following:
- 15 "(4) to promote the growth and development of
- 16 United States exports through competitive and effi-
- 17 cient ocean transportation and by placing a greater
- reliance on the marketplace.".
- 19 SEC. 102. DEFINITIONS.
- Section 3 of the Shipping Act of 1984 (46 U.S.C.
- 21 App. 1702) is amended by—
- 22 (1) striking "the government under whose reg-
- istry the vessels of the carrier operate;" in para-
- graph (8) and inserting "a government;";
- 25 (2) striking paragraph (9) and inserting the fol-
- lowing:

- "(9) 'deferred rebate' means a return by a com-mon carrier of any portion of freight money to a shipper as a consideration for that shipper giving all, or any portion, of its shipments to that or any other common carrier over a fixed period of time, the pay-ment of which is deferred beyond the completion of service for which it is paid, and is made only if the shipper has agreed to make a further shipment or shipments with that or any other common carrier.";
 - (3) striking paragraph (10) and redesignating paragraphs (11) through (27) as paragraphs (10) through (26);
 - (4) striking "in an unfinished or semifinished state that require special handling moving in lot sizes too large for a container," in paragraph (10), as redesignated;
 - (5) striking "paper board in rolls, and paper in rolls." in paragraph (10) as redesignated and inserting "paper and paper board in rolls or in pallet or skid-sized sheets.";
 - (6) striking "conference, other than a service contract or contract based upon time-volume rates," in paragraph (13) as redesignated and inserting "agreement";

1	(7) striking "conference." in paragraph (13) as
2	redesignated and inserting "agreement and the con-
3	tract provides for a deferred rebate arrangement.";
4	(8) by striking "carrier." in paragraph (14) as
5	redesignated and inserting "carrier, or in connection
6	with a common carrier and a water carrier subject
7	to subchapter II of chapter 135 of title 49, United
8	States Code.";
9	(9) striking paragraph (16) as redesignated and
10	redesignating paragraphs (17) through (26) as re-
11	designated as paragraphs (16) through (25), respec-
12	tively;
13	(10) striking paragraph (17), as redesignated,
14	and inserting the following:
15	"(17) 'ocean transportation intermediary'
16	means an ocean freight forwarder or a non-vessel-op-
17	erating common carrier. For purposes of this para-
18	graph, the term—
19	"(A) 'ocean freight forwarder' means a
20	person that—
21	"(i) in the United States, dispatches
22	shipments from the United States via a
23	common carrier and books or otherwise ar-
24	ranges space for those shipments on behalf
25	of shippers; and

1	"(ii) processes the documentation or
2	performs related activities incident to those
3	shipments; and
4	"(B) 'non-vessel-operating common carrier
5	means a common carrier that does not operate
6	the vessels by which the ocean transportation is
7	provided, and is a shipper in its relationship
8	with an ocean common carrier.";
9	(11) striking paragraph (19), as redesignated
10	and inserting the following:
11	"(19) 'service contract' means a written con-
12	tract, other than a bill of lading or a receipt, be-
13	tween one or more shippers and an individual ocean
14	common carrier or an agreement between or among
15	ocean common carriers in which the shipper or ship-
16	pers makes a commitment to provide a certain vol-
17	ume or portion of cargo over a fixed time period
18	and the ocean common carrier or the agreement
19	commits to a certain rate or rate schedule and a de-
20	fined service level, such as assured space, transit
21	time, port rotation, or similar service features. The
22	contract may also specify provisions in the event of
23	nonperformance on the part of any party."; and
24	(12) striking paragraph (21), as redesignated
25	and inserting the following:

1	"(21) 'shipper' means—
2	"(A) a cargo owner;
3	"(B) the person for whose account the
4	ocean transportation is provided;
5	"(C) the person to whom delivery is to be
6	made;
7	"(D) a shippers' association; or
8	"(E) an ocean transportation intermediary,
9	as defined in paragraph (17)(B) of this section,
10	that accepts responsibility for payment of all
11	charges applicable under the tariff or service
12	contract.".
13	SEC. 103. AGREEMENTS WITHIN THE SCOPE OF THE ACT.
14	(a) Ocean Common Carriers.—Section 4(a) of the
15	Shipping Act of 1984 (46 U.S.C. App. 1703(a)) is amend-
16	ed by—
17	(1) striking "operators or non-vessel-operating
18	common carriers;" in paragraph (5) and inserting
19	"operators;";
20	(2) striking "and" in paragraph (6) and insert-
21	ing "or"; and
22	(3) striking paragraph (7) and inserting the fol-
23	lowing:
24	"(7) discuss and agree on any matter related to
25	service contracts.".

1 (b) Marine Terminal Operators.—Section 4(b) 2 of that Act (46 U.S.C. App. 1703(b)) is amended by— 3 (1) striking "(to the extent the agreements involve ocean transportation in the foreign commerce 5 of the United States)"; (2) striking "and" in paragraph (1) and insert-6 7 ing "or"; and (3) striking "arrangements." in paragraph (2) 8 9 and inserting "arrangements, to the extent that such 10 agreements involve ocean transportation in the for-11 eign commerce of the United States.". 12 SEC. 104. AGREEMENTS. 13 (a) IN GENERAL.—Section 5 of the Shipping Act of 14 1984 (46 U.S.C. App. 1704) is amended by— 15 (1) striking subsection (b)(8) and inserting the 16 following: 17 "(8) provide that any member of the conference 18 may take independent action on any rate or service 19 item upon not more than 5 calendar days' notice to 20 the conference and that, except for exempt commod-21 ities not published in the conference tariff, the con-22 ference will include the new rate or service item in 23 its tariff for use by that member, effective no later 24 than 5 calendar days after receipt of the notice, and 25 by any other member that notifies the conference

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1	that it elects to adopt the independent rate or serv-
2	ice item on or after its effective date, in lieu of the
3	existing conference tariff provision for that rate or
4	service item;
5	(2) redesignating subsections (c) through (e) as
6	subsections (d) through (f); and
7	(3) inserting after subsection (b) the following:
8	"(c) Ocean Common Carrier Agreements.—An
9	ocean common carrier agreement may not—
10	"(1) prohibit or restrict a member or members
11	of the agreement from engaging in negotiations for
12	service contracts with 1 or more shippers;
13	"(2) require a member or members of the
14	agreement to disclose a negotiation on a service con-
15	tract, or the terms and conditions of a service con-
16	tract, other than those terms or conditions required
17	to be published under section 8(c)(3) of this Act; or
18	"(3) adopt mandatory rules or requirements af-
19	fecting the right of an agreement member or agree-
20	ment members to negotiate and enter into service
21	contracts.

- An agreement may provide authority to adopt voluntary 23 guidelines relating to the terms and procedures of an 24 agreement member's or agreement members' service con-
- 25 tracts if the guidelines explicitly state the right of mem-

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1 bers of the agreement not to follow the guidelines. These
   guidelines shall be confidentially submitted to the Com-
 3
   mission.".
        (b) Application.—
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             (1) Subsection (e) of section 5 of that Act, as
 5
 6
        redesignated, is amended by striking "this Act, the
 7
        Shipping Act, 1916, and the Intercoastal Shipping
        Act, 1933, do" and inserting "this Act does"; and
 8
 9
             (2) Subsection (f) of section 5 of that Act, as
10
        redesignated, is amended by—
                  (A) striking "and the Shipping Act, 1916,
11
12
             do" and inserting "does";
13
                  (B) striking "or the Shipping Act, 1916,";
14
             and
15
                  (C) inserting "or are essential terms of a
             service contract" after "tariff".
16
17
   SEC. 105. EXEMPTION FROM ANTITRUST LAWS.
18
        Section 7 of the Shipping Act of 1984 (46 U.S.C.
   App. 1706) is amended by—
19
             (1) inserting "or publication" in paragraph (2)
20
        of subsection (a) after "filing";
21
             (2) striking "or" at the end of subsection
22
        (b)(2);
23
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             (3) striking "States." at the end of subsection
        (b)(3) and inserting "States; or"; and
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             (4) adding at the end of subsection (b) the fol-
 2
        lowing:
 3
             "(4) to any loyalty contract.".
    SEC. 106. TARIFFS.
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        (a) IN GENERAL.—Section 8(a) of the Shipping Act
 6
    of 1984 (46 U.S.C. App. 1707(a)) is amended by—
 7
             (1) inserting "new assembled motor vehicles,"
        after "scrap," in paragraph (1);
 8
 9
             (2) striking "file with the Commission, and" in
10
        paragraph (1);
11
             (3) striking "inspection," in paragraph (1) and
12
        inserting "inspection in an automated tariff sys-
13
        tem,";
14
             (4) striking "tariff filings" in paragraph (1)
        and inserting "tariffs";
15
16
             (5) striking "freight forwarder" in paragraph
        (1)(C) and inserting "transportation intermediary,
17
18
        as defined in section 3(17)(A),";
19
             (6) striking "and" at the end of paragraph
20
        (1)(D);
             (7) striking "loyalty contract," in paragraph
21
22
        (1)(E);
             (8) striking "agreement." in paragraph (1)(E)
23
        and inserting "agreement; and";
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1	(9) adding at the end of paragraph (1) the fol-
2	lowing:
3	"(F) include copies of any loyalty contract,
4	omitting the shipper's name."; and
5	(10) striking paragraph (2) and inserting the
6	following:
7	"(2) Tariffs shall be made available electroni-
8	cally to any person, without time, quantity, or other
9	limitation, through appropriate access from remote
10	locations, and a reasonable charge may be assessed
11	for such access. No charge may be assessed a Fed-
12	eral agency for such access.".
13	(b) Service Contracts.—Subsection (c) of that
14	section is amended to read as follows:
15	"(c) Service Contracts.—
16	"(1) In general.—An individual ocean com-
17	mon carrier or an agreement between or among
18	ocean common carriers may enter into a service con-
19	tract with one or more shippers subject to the re-
20	quirements of this Act. The exclusive remedy for a
21	breach of a contract entered into under this sub-
22	section shall be an action in an appropriate court,
23	unless the parties otherwise agree. In no case may
24	the contract dispute resolution forum be controlled

by or in any way affiliated with a controlled carrier

1	as defined in section 3(8) of this Act, or by the gov-
2	ernment which owns or controls the carrier.
3	"(2) Filing requirements.—Except for serv-
4	ice contracts dealing with bulk cargo, forest prod-
5	ucts, recycled metal scrap, new assembled motor ve-
6	hicles, waste paper, or paper waste, each contract
7	entered into under this subsection by an individual
8	ocean common carrier or an agreement shall be filed
9	confidentially with the Commission. Each service
10	contract shall include the following essential terms—
11	"(A) the origin and destination port
12	ranges;
13	"(B) the origin and destination geographic
14	areas in the case of through intermodal move-
15	ments;
16	"(C) the commodity or commodities in-
17	volved;
18	"(D) the minimum volume or portion;
19	"(E) the line-haul rate;
20	"(F) the duration;
21	"(G) service commitments; and
22	"(H) the liquidated damages for non-
23	performance, if any.
24	"(3) Publication of Certain Terms.—When
25	a service contract is filed confidentially with the

1	Commission, a concise statement of the essential
2	terms described in paragraphs 2 (A), (C), (D), and
3	(F) shall be published and made available to the
4	general public in tariff format.
5	"(4) Disclosure of Certain Terms.—
6	"(A) An ocean common carrier, which is a
7	party to or is subject to the provisions of a col-
8	lective bargaining agreement with a labor orga-
9	nization, shall, in response to a written request
10	by such labor organization, state whether it is
11	responsible for the following work at dock areas
12	and within port areas in the United States with
13	respect to cargo transportation under a service
14	contract described in paragraph (1) of this sub-
15	section—
16	"(i) the movement of the shipper's
17	cargo on a dock area or within the port
18	area or to or from railroad cars on a dock
19	area or within the port area;
20	"(ii) the assignment of intraport car-
21	riage of the shipper's cargo between areas
22	on a dock or within the port area;
23	"(iii) the assignment of the carriage
24	of the shipper's cargo between a container
25	yard on a dock area or within the port

1	area and a rail yard adjacent to such con-
2	tainer yard; and

- "(iv) the assignment of container freight station work and container maintenance and repair work performed at a dock area or within the port area.
- "(B) The common carrier shall provide the information described in subparagraph (A) of this paragraph to the requesting labor organization within a reasonable period of time.

"(C) This paragraph requires the disclosure of information by an ocean common carrier only if there exists an applicable and otherwise lawful collective bargaining agreement which pertains to that carrier. No disclosure made by an ocean common carrier shall be deemed to be an admission or agreement that any work is covered by a collective bargaining agreement. Any dispute regarding whether any work is covered by a collective bargaining agreement and the responsibility of the ocean common carrier under such agreement shall be resolved solely in accordance with the dispute resolution procedures contained in the collective bargaining

agreement and the National Labor Relations
 Act, and without reference to this paragraph.

- "(D) Nothing in this paragraph shall have any effect on the lawfulness or unlawfulness under this Act, the National Labor Relations Act, the Taft-Hartley Act, the Federal Trade Commission Act, the antitrust laws, or any other Federal or State law, or any revisions or amendments thereto, of any collective bargaining agreement or element thereof, including any element that constitutes an essential term of a service contract under this subsection.
- "(E) For purposes of this paragraph the terms 'dock area' and 'within the port area' shall have the same meaning and scope as in the applicable collective bargaining agreement between the requesting labor organization and the carrier.".
- 19 (c) Rates.—Subsection (d) of that section is amend-20 ed by—
- 21 (1) striking the subsection caption and insert-22 ing "(d) Tariff Rates.—";
- 23 (2) striking "30 days after filing with the Com-24 mission." in the first sentence and inserting "30 cal-25 endar days after publication.";

1	(3) inserting "calendar" after "30" in the next
2	sentence; and
3	(4) striking "publication and filing with the
4	Commission." in the last sentence and inserting
5	"publication.".
6	(d) Refunds.—Subsection (e) of that section is
7	amended by—
8	(1) striking "tariff of a clerical or administra-
9	tive nature or an error due to inadvertence" in para-
10	graph (1) and inserting a comma; and
11	(2) striking "file a new tariff," in paragraph
12	(1) and inserting "publish a new tariff, or an error
13	in quoting a tariff,";
14	(3) striking "refund, filed a new tariff with the
15	Commission" in paragraph (2) and inserting "re-
16	fund for an error in a tariff or a failure to publish
17	a tariff, published a new tariff";
18	(4) inserting "and" at the end of paragraph
19	(2); and
20	(5) striking paragraph (3) and redesignating
21	paragraph (4) as paragraph (3).
22	(e) Marine Terminal Operator Schedules.—
23	Subsection (f) of that section is amended to read as fol-
24	lows:

- 1 "(f) Marine Terminal Operator Schedules.—
- 2 A marine terminal operator may make available to the
- 3 public, subject to section 10(d) of this Act, a schedule of
- 4 rates, regulations, and practices, including limitations of
- 5 liability for cargo loss or damage, pertaining to receiving,
- 6 delivering, handling, or storing property at its marine ter-
- 7 minal. Any such schedule made available to the public
- 8 shall be enforceable by an appropriate court as an implied
- 9 contract without proof of actual knowledge of its provi-
- 10 sions.".
- 11 (f) AUTOMATED TARIFF SYSTEM REQUIREMENTS;
- 12 FORM.—Section 8 of that Act is amended by adding at
- 13 the end the following:
- 14 "(g) Regulations.—The Commission shall by regu-
- 15 lation prescribe the requirements for the accessibility and
- 16 accuracy of automated tariff systems established under
- 17 this section. The Commission may, after periodic review,
- 18 prohibit the use of any automated tariff system that fails
- 19 to meet the requirements established under this section.
- 20 The Commission may not require a common carrier to
- 21 provide a remote terminal for access under subsection
- 22 (a)(2). The Commission shall by regulation prescribe the
- 23 form and manner in which marine terminal operator
- 24 schedules authorized by this section shall be published.".

1	SEC. 107. AUTOMATED TARIFF FILING AND INFORMATION
2	SYSTEM.
3	Section 502 of the High Seas Driftnet Fisheries En-
4	forcement Act (46 U.S.C. App. 1707a) is repealed.
5	SEC. 108. CONTROLLED CARRIERS.
6	Section 9 of the Shipping Act of 1984 (46 U.S.C.
7	App. 1708) is amended by—
8	(1) striking "service contracts filed with the
9	Commission" in the first sentence of subsection (a)
10	and inserting "service contracts, or charge or assess
11	rates,";
12	(2) striking "or maintain" in the first sentence
13	of subsection (a) and inserting "maintain, or en-
14	force";
15	(3) striking "disapprove" in the third sentence
16	of subsection (a) and inserting "prohibit the publica-
17	tion or use of"; and
18	(4) striking "filed by a controlled carrier that
19	have been rejected, suspended, or disapproved by the
20	Commission" in the last sentence of subsection (a)
21	and inserting "that have been suspended or prohib-
22	ited by the Commission";
23	(5) striking "may take into account appropriate
24	factors including, but not limited to, whether—" in
25	subsection (b) and inserting "shall take into account
26	whether the rates or charges which have been pub-

- lished or assessed or which would result from the pertinent classifications, rules, or regulations are below a level which is fully compensatory to the con-trolled carrier based upon that carrier's actual costs or upon its constructive costs. For purposes of the preceding sentence, the term 'constructive costs' means the costs of another carrier, other than a con-trolled carrier, operating similar vessels and equip-ment in the same or a similar trade. The Commis-sion may also take into account other appropriate factors, including but not limited to, whether—";
 - (6) striking paragraph (1) of subsection (b) and redesignating paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3), respectively;
 - (7) striking "filed" in paragraph (1) as redesignated and inserting "published or assessed";
 - (8) striking "filing with the Commission." in subsection (c) and inserting "publication.";
 - (9) striking "DISAPPROVAL OF RATES.—" in subsection (d) and inserting "PROHIBITION OF RATES.—Within 120 days after the receipt of information requested by the Commission under this section, the Commission shall determine whether the rates, charges, classifications, rules, or regulations of

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         a controlled carrier may be unjust and unreason-
 2
         able.";
             (10) striking "filed" in subsection (d) and in-
 3
         serting "published or assessed";
 4
             (11) striking "may issue" in subsection (d) and
 5
         inserting "shall issue";
 6
             (12) striking "disapproved." in subsection (d)
 7
         and inserting "prohibited.";
 8
             (13) striking "60" in subsection (d) and insert-
 9
         ing "30";
10
11
              (14) inserting "controlled" after "affected" in
12
         subsection (d);
13
              (15) striking "file" in subsection (d) and insert-
14
         ing "publish";
             (16) striking "disapproval" in subsection (e)
15
         and inserting "prohibition";
16
17
             (17) inserting "or" after the semicolon in sub-
18
         section (f)(1);
19
             (18) striking paragraphs (2), (3), and (4) of
20
         subsection (f); and
21
              (19) redesignating paragraph (5) of subsection
22
         (f) as paragraph (2).
23
    SEC. 109. PROHIBITED ACTS.
24
         (a) Section 10(b) of the Shipping Act of 1984 (46
   U.S.C. App. 1709(b)) is amended by—
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1	(1) striking paragraphs (1) through (3);
2	(2) redesignating paragraph (4) as paragraph
3	(1);
4	(3) inserting after paragraph (1), as redesig-
5	nated, the following:
6	"(2) provide service in the liner trade that—
7	"(A) is not in accordance with the rates,
8	charges, classifications, rules, and practices
9	contained in a tariff published or a service con-
10	tract entered into under section 8 of this Act
11	unless excepted or exempted under section
12	8(a)(1) or 16 of this Act; or
13	"(B) is under a tariff or service contract
14	which has been suspended or prohibited by the
15	Commission under section 9 of this Act or the
16	Foreign Shipping Practices Act of 1988 (46
17	U.S.C. App. 1710a);";
18	(4) redesignating paragraphs (5) and (6) as
19	paragraphs (3) and (4), respectively;
20	(5) striking "except for service contracts," in
21	paragraph (4), as redesignated, and inserting "for
22	service pursuant to a tariff,";
23	(6) striking "rates;" in paragraph (4)(A), as re-
24	designated, and inserting "rates or charges;";

1	(7) inserting after paragraph (4), as redesig-
2	nated, the following:
3	"(5) for service pursuant to a service contract,
4	engage in any unfair or unjustly discriminatory
5	practice in the matter of rates or charges with re-
6	spect to any port;";
7	(8) redesignating paragraphs (7) and (8) as
8	paragraphs (6) and (7), respectively;
9	(9) striking paragraph (6) as redesignated and
10	inserting the following:
11	"(6) use a vessel or vessels in a particular trade
12	for the purpose of excluding, preventing, or reducing
13	competition by driving another ocean common car-
14	rier out of that trade;";
15	(10) striking paragraphs (9) through (13) and
16	inserting the following:
17	"(8) for service pursuant to a tariff, give any
18	undue or unreasonable preference or advantage or
19	impose any undue or unreasonable prejudice or dis-
20	advantage;
21	"(9) for service pursuant to a service contract,
22	give any undue or unreasonable preference or advan-
23	tage or impose any undue or unreasonable prejudice
24	or disadvantage with respect to any port;

"(10) unreasonably refuse to deal or nego-1 2 tiate;"; 3 (11) redesignating paragraphs (14), (15), and 4 (16) as paragraphs (11), (12), and (13), respec-5 tively; (12) striking "a non-vessel-operating common 6 carrier" in paragraphs (11) and (12) as redesig-7 nated and inserting "an ocean transportation inter-8 9 mediary"; 10 (13) striking "sections 8 and 23" in paragraphs 11 (11) and (12) as redesignated and inserting "sec-12 tions 8 and 19"; 13 (14) striking "or in which an ocean transpor-14 tation intermediary is listed as an affiliate" in para-15 graph (12), as redesignated; (15) striking "Act;" in paragraph (12), as re-16 17 designated, and inserting "Act, or with an affiliate 18 of such ocean transportation intermediary;" (16) striking "paragraph (16)" in the matter 19 20 appearing after paragraph (13), as redesignated, 21 and inserting "paragraph (13)"; and 22 (17) inserting "the Commission," after "United 23 States," in such matter. 24 (b) Section 10(c) of the Shipping Act of 1984 (46) U.S.C. App. 1709(c)) is amended by—

- 1 (1) striking "non-ocean carriers" in paragraph
 2 (4) and inserting "non-ocean carriers, unless such
 3 negotiations and any resulting agreements are not in
 4 violation of the antitrust laws and are consistent
 5 with the purposes of this Act";
 - (2) striking "freight forwarder" in paragraph(5) and inserting "transportation intermediary, as defined by section 3(17)(A) of this Act,";
 - (3) striking "or" at the end of paragraph (5);
 - (4) striking "contract." in paragraph (6) and inserting "contract;"; and
- 12 (5) adding at the end the following:
 - "(7) for service pursuant to a service contract, engage in any unjustly discriminatory practice in the matter of rates or charges with respect to any locality, port, or persons due to those persons' status as shippers' associations or ocean transportation intermediaries; or
 - "(8) for service pursuant to a service contract, give any undue or unreasonable preference or advantage or impose any undue or unreasonable prejudice or disadvantage with respect to any locality, port, or persons due to those persons' status as shippers' associations or ocean transportation intermediaries;".

1	(c) Section 10(d) of the Shipping Act of 1984 (46
2	U.S.C. App. 1709(d)) is amended by—
3	(1) striking "freight forwarders," and inserting
4	"transportation intermediaries,";
5	(2) striking "freight forwarder," in paragraph
6	(1) and inserting "transportation intermediary,";
7	(3) striking "subsection (b)(11), (12), and
8	(16)" and inserting "subsections (b)(10) and (13)";
9	and
10	(4) adding at the end thereof the following:
11	"(4) No marine terminal operator may give any
12	undue or unreasonable preference or advantage or
13	impose any undue or unreasonable prejudice or dis-
14	advantage with respect to any person.
15	"(5) The prohibition in subsection (b)(13) of
16	this section applies to ocean transportation inter-
17	mediaries, as defined by section 3(17)(A) of this
18	Act.".
19	SEC. 110. COMPLAINTS, INVESTIGATIONS, REPORTS, AND
20	REPARATIONS.
21	Section 11(g) of the Shipping Act of 1984 (46 U.S.C.
22	App. 1710(g)) is amended by—
23	(1) striking "section $10(b)(5)$ or (7) " and in-
24	serting "section 10(b)(3) or (6)"; and

1	(2) striking "section $10(b)(6)(A)$ or (B)" and
2	inserting "section 10(b)(4)(A) or (B).".
3	SEC. 111. FOREIGN SHIPPING PRACTICES ACT OF 1988.
4	Section 10002 of the Foreign Shipping Practices Act
5	of 1988 (46 U.S.C. App. 1710a) is amended by—
6	(1) striking "'non-vessel-operating common car-
7	rier'," in subsection (a)(1) and inserting "'ocean
8	transportation intermediary',";
9	(2) striking "forwarding and" in subsection
10	(a)(4);
11	(3) striking "non-vessel-operating common car-
12	rier" in subsection (a)(4) and inserting "ocean
13	transportation intermediary services and";
14	(4) striking "freight forwarder," in subsections
15	(c)(1) and $(d)(1)$ and inserting "transportation
16	intermediary,";
17	(5) striking "filed with the Commission," in
18	subsection (e)(1)(B) and inserting "and service con-
19	tracts,";
20	(6) inserting "and service contracts" after "tar-
21	iffs" the second place it appears in subsection
22	(e)(1)(B); and
23	(7) striking "(b)(5)" each place it appears in
24	subsection (h) and inserting "(b)(6)".

1 SEC. 112. PENALTIES.

2	(a) Section 13(a) of the Shipping Act of 1984 (46
3	U.S.C. App. 1712(a)) is amended by adding at the end
4	thereof the following: "The amount of any penalty im-
5	posed upon a common carrier under this subsection shall
6	constitute a lien upon the vessels operated by that common
7	carrier and any such vessel may be libeled therefore in
8	the district court of the United States for the district in
9	which it may be found.".
10	(b) Section 13(b) of the Shipping Act of 1984 (46
11	U.S.C. App. 1712(b)) is amended by—
12	(1) striking "section $10(b)(1)$, (2), (3), (4), or
13	(8)" in paragraph (1) and inserting "section
14	10(b)(1), (2), or (7)";
15	(2) by redesignating paragraphs (4), (5), and
16	(6) as paragraphs (5), (6), and (7), respectively;
17	(3) inserting before paragraph (5), as redesig-
18	nated, the following:
19	"(4) If the Commission finds, after notice and
20	an opportunity for a hearing, that a common carrier
21	has failed to supply information ordered to be pro-
22	duced or compelled by subpoena under section 12 of
23	this Act, the Commission may request that the Sec-
24	retary of the Treasury refuse or revoke any clear-
25	ance required for a vessel operated by that common
26	carrier. Upon request by the Commission, the Sec-

- 1 retary of the Treasury shall, with respect to the ves-
- 2 sel concerned, refuse or revoke any clearance re-
- quired by section 4197 of the Revised Statutes of
- 4 the United States (46 U.S.C. App. 91)."; and
- 5 (4) striking "paragraphs (1), (2), and (3)" in
- 6 paragraph (6), as redesignated, and inserting "para-
- 7 graphs (1), (2), (3), and (4)".
- 8 (c) Section 13(f)(1) of the Shipping Act of 1984 (46
- 9 U.S.C. App. 1712(f)(1)) is amended by—
- 10 (1) striking "or (b)(4)" and inserting "or
- 11 (b)(2)";
- 12 (2) striking "(b)(1), (4)" and inserting "(b)(1),
- 13 (2)"; and
- 14 (3) adding at the end thereof the following
- 15 "Neither the Commission nor any court shall order
- any person to pay the difference between the amount
- billed and agreed upon in writing with a common
- 18 carrier or its agent and the amount set fourth in
- any tariff or service contract by that common carrier
- for the transportation service provided.".
- 21 SEC. 113. REPORTS AND CERTIFICATES.
- Section 15 of the Shipping Act of 1984 (46 U.S.C.
- 23 App. 1714) is amended by—
- 24 (1) striking "and certificates" in the section
- 25 heading;

- (2) striking "(a) Reports.—" in the sub-1 2 section heading for subsection (a); and 3 (3) striking subsection (b). SEC. 114. EXEMPTIONS. 5 Section 16 of the Shipping Act of 1984 (46 U.S.C. App. 1715) is amended by striking "substantially impair effective regulation by the Commission, be unjustly dis-8 criminatory, result in a substantial reduction in competition, or be detrimental to commerce." and inserting "result in substantial reduction in competition or be det-10 11 rimental to commerce.". 12 SEC. 115. AGENCY REPORTS AND ADVISORY COMMISSION. 13 Section 18 of the Shipping Act of 1984 (46 U.S.C. App. 1717) is repealed. 14 SEC. 116. OCEAN FREIGHT FORWARDERS. 16 Section 19 of the Shipping Act of 1984 (46 U.S.C. App. 1718) is amended by— 17 18 (1) striking "freight forwarders" in the section 19 "transportation inserting caption and inter-20 mediaries"; 21 (2) striking subsection (a) and inserting the fol-22 lowing: 23 "(a) License.—No person in the United States may

act as an ocean transportation intermediary unless that

person holds a license issued by the Commission. The

1	Commission shall issue an intermediary's license to any
2	person that the Commission determines to be qualified by
3	experience and character to act as an ocean transportation
4	intermediary.";
5	(3) redesignating subsections (b), (c), and (d)
6	as subsections (c), (d), and (e), respectively;
7	(4) inserting after subsection (a) the following:
8	"(b) Financial Responsibility.—
9	"(1) No person may act as an ocean transpor-
10	tation intermediary unless that person furnishes a
11	bond, proof of insurance, or other surety in a form
12	and amount determined by the Commission to insure
13	financial responsibility that is issued by a surety
14	company found acceptable by the Secretary of the
15	Treasury.
16	"(2) A bond, insurance, or other surety ob-
17	tained pursuant to this section—
18	"(A) shall be available to pay any order for
19	reparation issued pursuant to section 11 or 14
20	of this Act, or any penalty assessed pursuant to
21	section 13 of this Act;
22	"(B) may be available to pay any claim
23	against an ocean transportation intermediary
24	arising from its transportation-related activities
25	described in section 3(17) of this Act with the

consent of the insured ocean transportation intermediary and subject to review by the surety company, or when the claim is deemed valid by the surety company after the ocean transportation intermediary has failed to respond to adequate notice to address the validity of the claim; and

"(C) shall be available to pay any judgment for damages against an ocean transportation intermediary arising from its transportation-related activities under section 3(17) of this Act, provided the claimant has first attempted to resolve the claim pursuant to subparagraph (B) of this paragraph and the claim has not been resolved within a reasonable period of time.

"(3) The Commission shall prescribe regulations for the purpose of protecting the interests of claimants, ocean transportation intermediaries, and surety companies with respect to the process of pursuing claims against ocean transportation intermediary bonds, insurance, or sureties through court judgments. The regulations shall provide that a judgment for monetary damages may not be enforced except to the extent that the damages claimed

1	arise from the transportation-related activities of the
2	insured ocean transportation intermediary, as de-
3	fined by the Commission.
4	"(4) An ocean transportation intermediary not
5	domiciled in the United States shall designate a resi-
6	dent agent in the United States for receipt of service
7	of judicial and administrative process, including sub-
8	poenas.";
9	(5) striking, each place such term appears—
10	(A) "freight forwarder" and inserting
11	"transportation intermediary";
12	(B) "a forwarder's" and inserting "an
13	intermediary's";
14	(C) "forwarder" and inserting "inter-
15	mediary''; and
16	(D) "forwarding" and inserting "inter-
17	mediary'';
18	(6) striking "a bond in accordance with sub-
19	section (a)(2)." in subsection (c), as redesignated
20	and inserting "a bond, proof of insurance, or other
21	surety in accordance with subsection (b)(1).";
22	(7) striking "Forwarders.—" in the caption
23	of subsection (e), as redesignated, and inserting
24	"Intermediables —":

1	(8) striking "intermediary" the first place it ap-
2	pears in subsection (e)(1), as redesignated and as
3	amended by paragraph (5)(A), and inserting "inter-
4	mediary, as defined in section 3(17)(A) of this
5	Act,";
6	(9) striking "license" in paragraph (1) of sub-
7	section (e), as redesignated, and inserting "license,
8	if required by subsection (a),";
9	(10) striking paragraph (3) of subsection (e), as
10	redesignated, and redesignating paragraph (4) as
11	paragraph (3); and
12	(11) adding at the end of subsection (e), as re-
13	designated, the following:
14	"(4) No conference or group of 2 or more ocean
15	common carriers in the foreign commerce of the
16	United States that is authorized to agree upon the
17	level of compensation paid to an ocean transpor-
18	tation intermediary, as defined in section $3(17)(A)$
19	of this Act, may—
20	"(A) deny to any member of the con-
21	ference or group the right, upon notice of not
22	more than 5 calendar days, to take independent
23	action on any level of compensation paid to an
24	ocean transportation intermediary, as so de-
25	fined; or

1	"(B) agree to limit the payment of com-
2	pensation to an ocean transportation inter-
3	mediary, as so defined, to less than 1.25 per-
4	cent of the aggregate of all rates and charges
5	which are applicable under a tariff and which
6	are assessed against the cargo on which the
7	intermediary services are provided.".
8	SEC. 117. CONTRACTS, AGREEMENTS, AND LICENSES
9	UNDER PRIOR SHIPPING LEGISLATION.
10	Section 20 of the Shipping Act of 1984 (46 U.S.C.
11	App. 1719) is amended by—
12	(1) striking subsection (d) and inserting the fol-
13	lowing:
14	"(d) Effects on Certain Agreements and Con-
15	TRACTS.—All agreements, contracts, modifications, li-
16	censes, and exemptions previously issued, approved, or ef-
17	fective under the Shipping Act, 1916, or the Shipping Act
18	of 1984, shall continue in force and effect as if issued or
19	effective under this Act, as amended by the Ocean Ship-
20	ping Reform Act of 1998, and all new agreements, con-
21	tracts, and modifications to existing, pending, or new con-
22	tracts or agreements shall be considered under this Act,
23	as amended by the Ocean Shipping Reform Act of 1998.";
24	(2) inserting the following at the end of sub-
25	section (e):

1	"(3) The Ocean Shipping Reform Act of 1998
2	shall not affect any suit—
3	"(A) filed before the effective date of that
4	Act; or
5	"(B) with respect to claims arising out of
6	conduct engaged in before the effective date of
7	that Act filed within 1 year after the effective
8	date of that Act.
9	"(4) Regulations issued by the Federal Mari-
10	time Commission shall remain in force and effect
11	where not inconsistent with this Act, as amended by
12	the Ocean Shipping Reform Act of 1998.".
13	SEC. 118. SURETY FOR NON-VESSEL-OPERATING COMMON
14	CARRIERS.
15	Section 23 of the Shipping Act of 1984 (46 U.S.C.
16	App. 1721) is repealed.
17	TITLE II—AUTHORIZATION OF
18	APPROPRIATIONS FOR THE
19	FEDERAL MARITIME COMMIS-
20	SION
21	SEC. 201. AUTHORIZATION OF APPROPRIATIONS FOR FIS-
22	CAL YEAR 1998.
23	There are authorized to be appropriated to the Fed-
24	eral Maritime Commission, \$15,000,000 for fiscal year
25	1998.

1	SEC. 202. FEDERAL MARITIME COMMISSION ORGANIZA-
2	TION.
3	Section 102(d) of Reorganization Plan No. 7 of 1961
4	(75 Stat. 840) is amended to read as follows:
5	"(d) A vacancy or vacancies in the membership of
6	Commission shall not impair the power of the Commission
7	to execute its functions. The affirmative vote of a majority
8	of the members serving on the Commission is required to
9	dispose of any matter before the Commission.".
10	SEC. 203. REGULATIONS.
11	Not later than March 1, 1999, the Federal Maritime
12	Commission shall prescribe final regulations to implement
13	the changes made by this Act.
14	TITLE III—AMENDMENTS TO
15	OTHER SHIPPING AND MARI-
16	TIME LAWS
17	SEC. 301. AMENDMENTS TO SECTION 19 OF THE MERCHANT
18	MARINE ACT, 1920.
19	(a) In General.—Section 19 of the Merchant Ma-
20	rine Act, 1920 (46 U.S.C. App. 876) is amended by—
21	(1) striking "forwarding and" in subsection
22	(1)(b);
23	(2) striking "non-vessel-operating common car-
24	rier operations," in subsection (1)(b) and inserting
25	"ocean transportation intermediary services and op-
26	erations,";

1	(3) striking "methods or practices" and insert-
2	ing "methods, pricing practices, or other practices"
3	in subsection (1)(b);
4	(4) striking "tariffs of a common carrier" in
5	subsection 7(d) and inserting "tariffs and service
6	contracts of a common carrier";
7	(5) striking "use the tariffs of conferences" in
8	subsections (7)(d) and (9)(b) and inserting "use tar-
9	iffs of conferences and service contracts of agree-
10	ments";
11	(6) striking "tariffs filed with the Commission"
12	in subsection (9)(b) and inserting "tariffs and serv-
13	ice contracts";
14	(7) striking "freight forwarder," each place it
15	appears and inserting "transportation inter-
16	mediary,"; and
17	(8) striking "tariff" each place it appears in
18	subsection (11) and inserting "tariff or service con-
19	tract".
20	(b) STYLISTIC CONFORMITY.—Section 19 of the Mer-
21	chant Marine Act, 1920 (46 U.S.C. App. 876), as amend-
22	ed by subsection (a), is further amended by—
23	(1) redesignating subdivisions (1) through (12)
24	as subsections (a) through (l), respectively;

1	(2) redesignating subdivisions (a), (b), and (c)
2	of subsection (a), as redesignated, as paragraphs
3	(1), (2), and (3);
4	(3) redesignating subdivisions (a) through (d)
5	of subsection (f), as redesignated, as paragraphs (1)
6	through (4), respectively;
7	(4) redesignating subdivisions (a) through (e) of
8	subsection (g), as redesignated, as paragraphs (1)
9	through (5), respectively;
10	(5) redesignating clauses (i) and (ii) of sub-
11	section (g)(4), as redesignated, as subparagraphs
12	(A) and (B), respectively;
13	(6) redesignating subdivisions (a) through (e) of
14	subsection (i), as redesignated, as paragraphs (1)
15	through (5), respectively;
16	(7) redesignating subdivisions (a) and (b) of
17	subsection (j), as redesignated, as paragraphs (1)
18	and (2), respectively;
19	(8) striking "subdivision (c) of paragraph (1)"
20	in subsection (c), as redesignated, and inserting
21	"subsection (a)(3)";
22	(9) striking "paragraph (2)" in subsection (c),
23	as redesignated, and inserting "subsection (b)";
24	(10) striking "paragraph (1)(b)" each place it
25	appears and inserting "subsection (a)(2)";

- (11) striking "subdivision (b)," in subsection 1 2 (g)(4), as redesignated, and inserting "paragraph (2), ";3 (12) striking "paragraph (9)(d)" in subsection (j)(1), as redesignated, and inserting "subsection 5 (i)(4)"; and 6 7 (13) striking "paragraph (7)(d) or (9)(b)" in 8 subsection (k), as redesignated, and inserting "sub-9 section (g)(4) or (i)(2)". 10 SEC. 302. TECHNICAL CORRECTIONS. 11 (a) Public Law 89–777.—Sections 2 and 3 of the Act of November 6, 1966 (46 U.S.C. App. 817d and 817e) are amended by striking "they in their discretion" each place it appears and inserting "it in its discretion". 14 15 (b) Tariff Act of 1930.—Section 641(i) of the Tariff Act of 1930 (19 U.S.C. 1641) is repealed. 16 TITLE IV—MERCHANT MARINER 17 BENEFITS. 18 19 SEC. 401. MERCHANT MARINER BENEFITS.
- 20 (a) Benefits.—Part G of subtitle II, title 46,
- 21 United States Code, is amended by adding at the end the
- following new chapter:

"CHAPTER 112—MERCHANT MARINER BENEFITS

[&]quot;Sec.

[&]quot;11201. Qualified service.

[&]quot;11202. Documentation of qualified service.

[&]quot;11203. Eligibility for certain veterans' benefits.

[&]quot;11204. Processing fees.

1 "§ 11201. Qualified service

2	"For purposes of this chapter, a person engaged in
3	qualified service if, between August 16, 1945, and Decem-
4	ber 31, 1946, the person—
5	"(1) was a member of the United States mer-
6	chant marine (including the Army Transport Service
7	and the Naval Transportation Service) serving as a
8	crewmember of a vessel that was—
9	"(A) operated by the War Shipping Ad-
10	ministration or the Office of Defense Transpor-
11	tation (or an agent of the Administration or Of-
12	fice);
13	"(B) operated in waters other than inland
14	waters, the Great Lakes, other lakes, bays, and
15	harbors of the United States;
16	"(C) under contract or charter to, or prop-
17	erty of, the Government of the United States;
18	and
19	"(D) serving the Armed Forces; and
20	"(2) while so serving, was licensed or otherwise
21	documented for service as a crewmember of such a
22	vessel by an officer or employee of the United States
23	authorized to license or document the person for
24	such service.

1 "§ 11202. Documentation of qualified service

- 2 "(a) RECORD OF SERVICE.—The Secretary, or in the
- 3 case of personnel of the Army Transport Service or the
- 4 Naval Transport Service, the Secretary of Defense, shall,
- 5 upon application—
- 6 "(1) issue a certificate of honorable discharge
- 7 to a person who, as determined by the respective
- 8 Secretary, engaged in qualified service of a nature
- 9 and duration that warrants issuance of the certifi-
- 10 cate; and
- 11 "(2) correct, or request the appropriate official
- of the Federal Government to correct, the service
- records of the person to the extent necessary to re-
- 14 flect the qualified service and the issuance of the
- 15 certificate of honorable discharge.
- 16 "(b) Timing of Documentation.—The respective
- 17 Secretary shall take action on an application under sub-
- 18 section (a) not later than one year after the respective Sec-
- 19 retary receives the application.
- 20 "(c) Standards Relating to Service.—In mak-
- 21 ing a determination under subsection (a)(1), the respective
- 22 Secretary shall apply the same standards relating to the
- 23 nature and duration of service that apply to the issuance
- 24 of honorable discharges under section 401(a)(1)(B) of the
- 25 GI Bill Improvement Act of 1977 (38 U.S.C. 106 note).

1	"(d) Correction of Records.—An official of the
2	Federal Government who is requested to correct service
3	records under subsection (a)(2) shall do so.
4	"§ 11203. Eligibility for certain veterans' benefits
5	"(a) Eligibility.—
6	"(1) In general.—The qualified service of an
7	individual referred to in paragraph (2) is deemed to
8	be active duty in the Armed Forces during a period
9	of war for purposes of eligibility for benefits under
10	chapters 23 and 24 of title 38.
11	"(2) Covered individuals.—Paragraph (1)
12	applies to an individual who—
13	"(A) receives an honorable discharge cer-
14	tificate under section 11202 of this title; and
15	"(B) is not eligible under any other provi-
16	sion of law for benefits under laws administered
17	by the Secretary of Veterans Affairs.
18	"(b) Reimbursement for Benefits Provided.—
19	The Secretary shall reimburse the Secretary of Veterans
20	Affairs for the value of benefits that the Secretary of Vet-
21	erans Affairs provides for an individual by reason of eligi-
22	bility under this section.
23	"(c) Prospective Applicability.—An individual is
24	not entitled to receive and may not receive benefits under

- 1 this chapter for any period before the date of enactment
- 2 of this chapter.

3 "§ 11204. Processing fees

- 4 "(a) Collection of Fees.—The Secretary, or in
- 5 the case of personnel of the Army Transport Service or
- 6 the Naval Transport Service, the Secretary of Defense,
- 7 shall collect a fee of \$30 from each applicant for process-
- 8 ing an application submitted under section 11202(a) of
- 9 this title.
- 10 "(b) Treatment of Fees Collected.—Amounts
- 11 received by the respective Secretary under this section
- 12 shall be deposited in the general fund of the Treasury as
- 13 offsetting receipts of the department in which the Coast
- 14 Guard is operating and ascribed to Coast Guard activities,
- 15 or in the case of fees collected for processing discharges
- 16 from the Army Transport Service or the Naval Transport
- 17 Service, deposited in the general fund of the Treasury as
- 18 offsetting receipts of the Department of Defense, and shall
- 19 be available subject to appropriation for the administrative
- 20 costs for processing such applications.".
- 21 (b) Clerical Amendment.—The table of chapters
- 22 at the beginning of subtitle II of title 46, United States
- 23 Code, is amended by inserting after the item relating to
- 24 chapter 111 the following:

[&]quot;112. Merchant mariner benefits......11201".

1 TITLE V—CERTAIN LOAN GUAR-2 ANTEES AND COMMITMENTS

2	ANTEES AND COMMITMENTS
3	SEC. 501. CERTAIN LOAN GUARANTEES AND COMMIT-
4	MENTS.
5	(a) The Secretary of Transportation may not issue
6	a guarantee or commitment to guarantee a loan for the
7	construction, reconstruction, or reconditioning of a liner
8	vessel under the authority of title XI of the Merchant Ma-
9	rine Act, 1936 (46 U.S.C. App. 1271 et seq.) after the
10	date of enactment of this Act unless the Chairman of the
11	Federal Maritime Commission certifies that the operator
12	of such vessel—
13	(1) has not been found by the Commission to
14	have violated section 19 of the Merchant Marine
15	Act, 1920 (46 U.S.C. App. 876), or the Foreign
16	Shipping Practices Act of 1988 (46 U.S.C. App.
17	1701a), within the previous 5 years; and
18	(2) has not been found by the Commission to
19	have committed a violation of the Shipping Act of
20	1984 (46 U.S.C. App. 1701 et seq.), which involves
21	unjust or unfair discriminatory treatment or undue
22	or unreasonable prejudice or disadvantage with re-
23	spect to a United States shipper, ocean transpor-
24	tation intermediary, ocean common carrier, or port

within the previous 5 years.

25

1	(b) The Secretary of Commerce may not issue a guar-
2	antee or a commitment to guarantee a loan for the con-
3	struction, reconstruction, or reconditioning of a fishing
4	vessel under the authority of title XI of the Merchant Ma-
5	rine Act, 1936 (46 U.S.C. App. 1271 et seq.) if the fishing
6	vessel operator has been—
7	(1) held liable or liable in rem for a civil pen-
8	alty pursuant to section 308 of the Magnuson-Ste-
9	vens Fishery Conservation and Management Act (16
10	U.S.C. 1858) and not paid the penalty;
11	(2) found guilty of an offense pursuant to sec-
12	tion 309 of the Magnuson-Stevens Fishery Con-
13	servation and Management Act (16 U.S.C. 1859)
14	and not paid the assessed fine or served the assessed
15	sentence;
16	(3) held liable for a civil or criminal penalty
17	pursuant to section 105 of the Marine Mammal Pro-
18	tection Act of 1972 (16 U.S.C. 1375) and not paid

the assessed fine or served the assessed sentence; or

19

(4) held liable for a civil penalty by the Coast
 Guard pursuant to title 33 or 46, United States
 Code, and not paid the assessed fine.
 Passed the Senate April 21, 1998.
 Attest:

Secretary.

105TH CONGRESS S. 414

AN ACT

To amend the Shipping Act of 1984 to encourage competition in international shipping and growth of United States exports, and for other purposes.

S 414 ES1S—2
S 414 ES1S—3
S 414 ES1S—4
S 414 ES1S—5